

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 290 – SB 1155

March 28, 2017

**SUMMARY OF ORIGINAL BILL:** Reestablishes the TennCare Advisory Commission consisting of 15 members who should reflect the broad impact that the TennCare program has on the state of Tennessee. Requires the Commission to review the health care operations including, but not limited to, cost-management analysis, benefits, enrollment, eligibility, costs, and performance of the TennCare program and to make recommendations to the Governor regarding cost-containment strategies and cost-effective program improvements annually. Requires the review of the TennCare program to include the holding of public hearings on any proposed amendment to any federal waiver governing the provision of medical assistance under Title 71, and attention to behavioral health services and the Long Term Care Community Choices Act of 2008. Prohibits the submission of any amendment to any federal waiver governing the provision of medical assistance under Title 71 to any agency of the federal government unless the Commission has been afforded 30 days in which to hold a public hearing on the proposed waiver before submission. Any waiver failing to receive the opportunity to hold such public hearing before submission to an agency of the federal government shall be void and of no effect. Members will not receive compensation for their services on the Commission but can be reimbursed for travel expenses. Adds the Commission to the sunset cycle provisions under the *Tennessee Governmental Entity Review Law*, thereby creating a termination date for the Commission of June 30, 2019.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$1,900/Each One-Day Meeting

**SUMMARY OF AMENDMENT (005302):** Deletes all language after the enacting clause. Reestablishes the TennCare Advisory Commission consisting of 21 members who should reflect the broad impact that the TennCare program has on the state of Tennessee. The 21 members will be appointed by Speaker of the House of Representatives and the Speaker of the Senate; 8 members will be legislative members, 12 members will be from the industry, and one will be a nonvoting ex officio member designee of the Commissioner of the Department of Finance and Administration. Requires the Commission to review the health care operations, including but not limited to, cost-management analysis, benefits, enrollment, eligibility, costs, and performance of the TennCare program annually. Authorizes the Commission to employ staff. Requires the review of the TennCare program to include the holding of public hearings on any proposed amendment to any federal waiver governing the provision of medical assistance

HB 290 – SB 1155

under Title 71, and attention to behavioral health services and the Long Term Care Community Choices Act of 2008. Prohibits the submission of any application for an amendment to any federal waiver governing the provision of medical assistance under Title 71 or the Title XIX state plan to any agency of the federal government unless the Commission has been afforded 30 days in which to hold a public hearing on the proposed waiver before submission. Any waiver application failing to receive the opportunity to hold such public hearing before submission to an agency of the federal government shall be void and of no effect. Requires the Commission to meet once every other month to perform certain duties. Authorizes legislative members to receive mileage reimbursement and per diem. Adds the Commission to the sunset cycle provisions under the *Tennessee Governmental Entity Review Law*, thereby creating a termination date for the Commission of June 30, 2019. Requires that the funds available and allocated for vacant staff positions of the Bureau beginning in FY17-18 and subsequent years, except funds for vacant staff positions responsible for carrying out duties required by federal law, are to be transferred and credited to the Office of the Comptroller of the Treasury to be used as necessary to fund the costs of staffing and operating the Commission.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Expenditures - \$261,300**

Assumptions for the bill as amended:

- Public Chapter 673 of Public Acts of 2004 created the TennCare Advisory Commission.
- Based on information from the Bureau of TennCare, the TennCare Advisory Commission never convened; therefore, no expenditures were incurred relative to operation of the Commission.
- The Commission will consist of 21 members who will reflect the broad impact that the TennCare program has on the state consisting of eight legislative members, 12 industry members and 1 ex officio member.
- The Commission will be attached to the office of the Comptroller of the Treasury (Comptroller) for administrative purposes.
- The Comptroller cannot accommodate the administrative duties within existing resources. One support staff and one Attorney 3 position will be required.
- The recurring increase in state expenditures associated with the Support Staff position is estimated to be \$77,857 (\$47,616 salary + \$14,826 benefits + \$15,415 operational cost).
- The recurring increase in state expenditures associated with the Attorney 3 position is estimated to be \$118,130 (\$76,308 salary + \$19,586 benefits + \$22,236 operational costs).
- The recurring increase in state expenditures associated with contracting with a vendor for the Comptroller to have access to the TennCare systems for analysis is estimated to be \$30,000.

- The recurring increase in state expenditures associated with hearings, advertising, training, printing and other meetings expenses is estimated to be \$15,500 (\$2,500 hearings + \$2,000 advertising + \$2,500 training + \$5,000 printing + \$3,500 other meeting expenses).
- The recurring increase associated with mileage for the 12 non-legislative members from various locations across Tennessee who will receive mileage at \$0.47 per mile for an estimated 262 miles roundtrip for the 6 meetings, is estimated to be \$8,866 ( $\$0.47 \times 262 \text{ miles} \times 12 \text{ members} \times 6 \text{ meetings}$ ).
- It is assumed two of the meetings will take place during the legislation session when members of the General Assembly receive a daily per diem; therefore, it is estimated additional travel expenses for legislative members will be required for four meetings.
- The increase in state expenditures associated with travel expenses for legislative members is estimated to be \$3,940 ( $\$0.47 \text{ per mile} \times 262 \text{ miles} \times 4 \text{ meetings} \times 8 \text{ members}$ ).
- The recurring increase in state expenditures associated with per diem for legislative members is estimated to be \$7,040 ( $\$220 \text{ per diem} \times 4 \text{ meetings} \times 8 \text{ members}$ ).
- The total recurring increase in state expenditures is estimated to be \$261,333 ( $\$77,857 + \$118,130 + \$30,000 + \$15,500 + \$8,866 + \$3,940 + \$7,040$ ).
- Based on information provided by the Bureau of TennCare (Bureau), the Bureau has used funds associated with any vacant staff positions to cover non-payroll expenses in FY15-16 and additional payroll for temporary positions in FY16-17. It is assumed that the Comptroller of the Treasury would require funding for the new positions.
- The Comptroller of the Treasury, the Division of Audit, will accommodate any additional auditing responsibilities as a result of the addition of the Council to the statutory sunset provisions utilizing existing resources without an increased appropriation or reduced reversion.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jem